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14 Sept. 1954

MEMORANDUM TO: Chief, Finance Division
Chief, Fiscal Division

FROM : Deputy Comptroller

SUBJECT : Accounting Procedure for the Handling of Withholdings
and Contributions Made for Federal Employees' Group
Life Insurance

REFERENCES : 1. Public Law 598, 83rd Congress, 2nd Session
2. Federal Register dated 27 August 1954
3. Civil Service Commission, Federal Employee's Group
Life Insurance, Preliminary Draft of Instructions
for Withholding, Reporting and Depositing Employee
Deductions and Agency Contributions

1. PURPOSE

The purpose of this instruction is to set forth the authority and procedures governing the withholding of premiums for Federal Employees' Group Life Insurance from the compensation of Federal employees earned subsequent to 28 August 1954 and the premium payments contributed by the Agency from its appropriations.

2. AUTHORITY

The Federal Employees' Group Life Insurance Act of 1954 (Public Law 598, 83rd Congress, 2nd Session) extends, with certain exceptions, the privilege of purchasing group life insurance to officers and employees of the Federal and the District of Columbia Governments.

3. EXCLUSIONS FROM COVERAGE

Employees in the following groups shall be excluded from coverage under this insurance plan:

- a. Non-citizen employees whose permanent duty station is located outside a state of the United States or the District of Columbia.
- b. Commissioned officers and enlisted personnel on active duty in or with the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.
- c. Employees serving under appointments limited to one year or less.
- d. Seasonal or emergency employees whose employment is of uncertain or purely temporary duration or who are employed for brief periods at intervals.

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- e. Part-time, when-actually-employed, or intermittent employees having no regular tour of duty.
- f. Employees whose salary, pay, or compensation on an annual basis is \$12.00 a year or less.
- g. Individuals paid on a contract or fee basis.
- h. Employees serving in cooperation with non-Federal agencies who are paid in whole or in part from non-Federal funds.
- i. Employees whose duties involve the security of the United States and preclude their identification as employees of the Federal Government.
- j. Retired employees reemployed under conditions not terminating their title to annuities.

4. TYPES OF COMPENSATION TO BE INCLUDED AS "ANNUAL COMPENSATION"

"Annual Compensation" shall consist of the annual basic salary, pay or compensation fixed by law or regulation. Under this definition there would be included as part of the basic salary the following common increments:

- a. Night differential pay for wage board employees. (Act of 28 March 1954.)
- b. Overseas service differential pay for employees (various statutes).

(Excluded would be such increments as night differential pay of employees subject to the Classification Act, overtime pay, holiday pay, overseas service differential pay for employees other than those hazardous duty pay and incentive pay.)

5. WITHHELDINGS

a. Employees Under Age 65

- (1) Deductions in the full amount will be withheld from an employee's salary when the employee is in a pay status for the whole or part of any pay period. (If salary earned during the pay period less deductions for retirement or FICA, and income taxes is less than the amount of the full insurance deduction, the remainder will be withheld as the insurance deduction.)
- (2) When an employee returns to duty from a non-pay status which covered an entire pay period, deductions for insurance will

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NOT be made from his future salary for the period of such non-pay status.

- (3) Insurance deductions will be made from an employee's salary for the applicable pay periods and the related amounts of insurance coverage as shown in the following table:

<u>Annual Compensation</u>		<u>Amt. of Insurance</u>	<u>Amount of Deductions Per Pay Period</u>			
<u>More Than</u>	<u>Not More Than</u>		<u>Weekly</u>	<u>Bi-Weekly</u>	<u>Semi-Monthly</u>	<u>Monthly</u>
\$	\$	\$				
1,000	1,000	1,000	.13	.25	.27	.54
2,000	2,000	2,000	.25	.50	.54	1.08
3,000	3,000	3,000	.38	.75	.81	1.63
4,000	4,000	4,000	.50	1.00	1.08	2.17
5,000	5,000	5,000	.63	1.25	1.35	2.71
6,000	6,000	6,000	.75	1.50	1.63	3.25
7,000	7,000	7,000	.88	1.75	1.90	3.79
8,000	8,000	8,000	1.00	2.00	2.17	4.33
9,000	9,000	9,000	1.13	2.25	2.44	4.88
10,000	10,000	10,000	1.25	2.50	2.71	5.42
11,000	11,000	11,000	1.38	2.75	2.98	5.96
12,000	12,000	12,000	1.50	3.00	3.25	6.50
13,000	13,000	13,000	1.63	3.25	3.52	7.04
14,000	14,000	14,000	1.75	3.50	3.79	7.58
15,000	15,000	15,000	1.88	3.75	4.06	8.13
16,000	16,000	16,000	2.00	4.00	4.33	8.67
17,000	17,000	17,000	2.13	4.25	4.60	9.21
18,000	18,000	18,000	2.25	4.50	4.88	9.75
19,000	19,000	19,000	2.38	4.75	5.15	10.29
	20,000	20,000	2.50	5.00	5.42	10.83

NOTE: For any pay period other than stated in the above table, the amount of deductions each pay period is determined at a rate proportionate to the rate of 25 cents bi-weekly for each 1,000 dollars of insurance adjusted to the nearest cent.

b. Employees Aged 65 and Older

- (1) Insurance deductions cease at the end of the pay period immediately preceding the one in which the employee reaches his 65th birthday.
- (2) In the case of employees who are age 65 or older, no deductions will be made.

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c. Adjusting Erroneous Deductions for Insurance Premiums

- (1) When group life insurance deductions have been erroneously taken from the salary of a currently employed individual who has given written notice that he does not desire to be insured, or from the salary of an employee who is ineligible for this insurance, refund of the erroneous deductions will be adjusted on a subsequent payroll on which his name appears. Refund of erroneous deductions to the individual by means of such payroll adjustment will automatically correct the excess portion contributed by the Agency from its appropriation as a result of the erroneous deduction from the employee.
- (2) When an incorrect amount of group life insurance deductions has been taken from the salary of an insured employee as a result of an erroneous computation of such deductions, adjustment will likewise be made on a subsequent payroll on which his name appears.
- (3) When an individual has separated who was not covered by Federal Group Life Insurance during his employment with the Agency, adjustment of any amount erroneously withheld for life insurance premiums will be corrected in the next payroll and will be reflected in the final salary payment to the individual or to his beneficiary or estate if he is deceased. As such adjustment will decrease the gross amount of insurance deductions for the pay period in which the adjustment is processed, the excess amount previously contributed by the Agency will automatically be adjusted in the same pay period.
- (4) Adjustment will also be effected in the manner outlined in the preceding paragraph where an excess amount not identified with specific individuals has been deposited to the Life Insurance Fund as a result of errors in scheduling, etc.

6. AGENCY CONTRIBUTION

The amount for insurance to be contributed by the Agency from its appropriation will be equal to 50 percent of the aggregate of the employees' insurance deductions shown on their pay records.

7. ACCOUNTING FOR WITHHOLDINGS AND CONTRIBUTIONS

The following procedures for the recording of withholdings from employees and contributions by the Agency are prescribed and apply to compensation earned subsequent to 28 August 1954.

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a. Expense Distribution of Agency's Contribution

- (1) The Agency's contributions will be charged to the same allotment accounts as the salaries of the employees from whom related insurance deductions have been made, and will be distributed to sub-object classification 07.0 - Federal Employees' Group Life Insurance, Agency's Contribution.

b. Confidential Funds Payroll

- (1) The Payroll and Travel Branch, at the completion of each payroll, will include in the posting voucher (Form 33-10) prepared to record the payroll, the following entry with respect to insurance premiums withheld from employees and contributions by the Agency:

Debit: Account No. 600.1 - Current Costs - Direct Allotment

- (a) Appropriate of object classes 01.1 through 01.4 with amounts deducted from salaries of employees.

- (b) Object Class 07.0 with the amount of the Agency's contribution ($\frac{1}{2}$ of (a) above). This amount will be charged to the same allotments that the related deductions mentioned in (a) above are charged.

Credit: *Account No. 310.4 - Due to U. S. Treasury - Federal Group Life Insurance Withholdings and Contributions, with sum of the above debits.

*This is a new account; see Exhibit B for description of this account.

- (2) The Accounts Branch will record the entry prepared by the Payroll and Travel Branch in the general ledger accounts of the Finance Division.
- (3) At the close of each accounting period the Accounts Branch will prepare a memorandum to the Monetary Branch requesting an agent cashier's check payable to the Treasurer of the United States for the amount of the withholdings and contributions recorded in account No. 310.4. The memorandum will be prepared in an original and three copies which will be distributed as follows:

Original)
Duplicate) To Monetary Branch
Triplicate)

Quadruplicate - To be held in the Accounts Branch until a copy of the memorandum is returned by the Monetary Branch.

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(4) The Monetary Branch will:

- (a) Prepare a check as requested and post on the original, duplicate, and triplicate of the requesting memorandum the check issue data indicated on Exhibit A.
- (b) Forward the check, with a simple memorandum of transmittal, to the Fiscal Division (Accounting Branch).
- (c) Deliver the triplicate of the requesting memorandum to the Finance Division (Payroll and Travel Branch).
- (d) Prepare and deliver to the Finance Division (Accounts Branch) a posting voucher designating the agent cashier's account on which the check was drawn, supported by the duplicate of the requesting memorandum.

(5) The Accounts Branch will complete the posting voucher received from the Monetary Branch, destroy the follow-up copy (quaduplicate) of the requesting memorandum, and record the following entry in the general ledger:

Debit: Account No. 310.4 - Due to U. S. Treasury - Federal Group Life Insurance Withholdings and Contributions

Credit: Bank account indicated by the Monetary Branch.

Posting media: Posting Voucher (Form 33-10).

ALSO

Debit: *Account No. 715 - Life Insurance Deductions and Contributions Deposited

Credit: *Account No. 716 - Life Insurance Deductions and Contributions (Control)

Posting media: Posting Voucher (Form 33-10).

* This is a new account; see Exhibit B. for description of this account.

(6) The Fiscal Division (Accounting Branch) upon receipt of the check, will prepare Standard Form No. 1159, Schedule of Collections for Available Special and Trust Fund Receipts, and deposit the check in the accounts of the Treasurer of the U. S. (see paragraph 8 below). An authenticated copy of S.F. 1159 will be furnished (a) to the Finance Division (Accounts Branch) and (b) to the Finance Division (Payroll and Travel Branch) as evidence that the deposit has been made.

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c. Vouchered Payroll

- (1) The Payroll Branch will prepare Standard Forms 1128 and 1128A, Payroll For Personal Services Payroll Certification and Summary, and include therein the amounts of group life insurance with-holdings and contributions for the payroll period. Standard Form 1128 will be prepared in an original only and forwarded to the Fiscal Processing Branch. Three copies of Standard Form 1128A will be prepared and distributed as follows:
(SF 1128A is a by-product of the preparation of SF 1128)

1st Copy - To Budget Division
2nd Copy - To Accounting Branch
3rd Copy - Held in the Payroll Branch.

- (2) Upon receipt of the SF 1128 the Fiscal Processing Branch *will* with prepare SF 1166, Voucher and Schedule of Payments from the information stated on SF 1128. The Voucher and Schedule of Payments will be prepared in an original and five copies which will be distributed as follows:

Original) To Disbursing Office of the U.S.
Duplicate) Treasury located within CIA.
Triplicate)
Quadruplicate - To the Accounting Branch
Quintuplicate - To the General Accounting Office
Representative located within CIA.
Sextuplet - To Disbursing Officer of the U.S.
Treasury located within CIA for
receipting, and return to Fiscal
Processing Branch.

- (3) Upon receipt of SF 1166 the Accounting Branch will record the following entries with respect to insurance premiums withheld from employees and contributed by the Agency in the general ledger accounts of the Fiscal Division:

Debit: Account No. 600.1 - Current Costs

- (a) Appropriate of object classes 01.1, 01.3 and 01.4 with amounts deducted from salaries of employees.
(b) Object class 07.0 with amount of Agency's contribution ($\frac{1}{2}$ of (a) above).

Credit: Account No. 106 - Disbursing Funds (By Symbols and Titles) with the sum of the above debits.

Posting Media: Journal Voucher (SF 1017G Revised) supported by Voucher and Schedule of Payments (SF 1166)
ALSO

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Debit: *Account No. 715 - Life Insurance Deductions
and Contributions Deposited

Credit: *Account No. 716 - Life Insurance Deductions
and Contributions (Control)

Posting Media: Journal Voucher (SF 10170 Revised)
supported by Voucher and Schedule of
Payments (SF 1166).

*This is a new account; see Exhibit B for description
of this account.

8. DISPOSITION OF WITHHOLDINGS AND CONTRIBUTIONS

The amounts withheld from the salary of each employee and the contribution of the Agency will be deposited into the Treasury of the United States to the credit of account 24x8424(21) - Employees' Life Insurance Fund Civil Service Commission.

9. REPORTING

At the close of each calendar year the Fiscal Division (Accounting Branch) will report to the Civil Service Commission the total insurance withholdings and contributions deposited by this Agency during the year into the Employees' Life Insurance Fund Civil Service Commission. This report will reflect the following information:

Accumulated 29 August 1954 through end of	
current calendar year (19__)	\$
Accumulated through prior calendar year
Deposits during current calendar year (19__)	\$.....

The information for this report will be obtained in the following manner:

- a. The Finance Division (Accounts Branch) will direct a memorandum to the Fiscal Division (Accounting Branch) which will contain the above information taken from general ledger account No. 715 of the Finance Division.
- b. The Fiscal Division (Accounting Branch) will consolidate the information contained in the memorandum mentioned in a, above, with the same information taken from general ledger account No. 715 of the Fiscal Division (Accounting Branch). The Fiscal Division (Accounting Branch) will then submit the consolidated information to the Civil Service Commission.

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Attachments
Exhibits A and B

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EXHIBIT A

Date _____

TO: Monetary Branch, ^{Finance} ~~Fiscal~~ Division

FROM: Accounts Branch, Finance Division

SUBJECT: Federal Employees' Life Insurance Deductions and Contributions Deposits

It is requested that a check in the amount of \$ _____ be made payable to the Treasurer of the United States. The amount of this check represents the net of the amounts of group life insurance deductions from employees' salaries and the amounts of the contributions to the Insurance Fund by the Agency from its appropriation on the following confidential funds payrolls for the payroll periods indicated below:

Period Amount

\$ _____
\$ _____

Total

Accounts Branch
Finance Division

Check Issued:

No. _____
Date _____
Amount _____

Signed: _____
Monetary Branch
Finance Division

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EXHIBIT B

DESCRIPTION OF NEW ACCOUNTS DESIGNED TO HANDLE FEDERAL
EMPLOYEES' GROUP LIFE INSURANCE WITHHOLDINGS AND CONTRIBUTIONS

1. GENERAL LEDGER ACCOUNTS - FINANCE DIVISION

310.4 - Due to U. S. Treasury - Federal Group Life Insurance
Withholdings and Contributions

This credit balance (liability) account represents the amount due the U. S. Treasury for insurance premiums deducted from employees' salaries and contributed from the Agency's appropriation for Federal Group Life Insurance.

2. GENERAL LEDGER ACCOUNTS - FINANCE AND FISCAL DIVISIONS

715 - Life Insurance Deductions and Contributions Deposited

This debit balance (statistical) account represents the amounts of life insurance premiums deducted from the salaries of employees and the amounts of insurance premiums contributed by the Agency from its appropriation and deposited to the credit of the Federal Employees' Group Life Insurance Fund.

NOTE: The total deposits to the Insurance Fund by the Agency during the current month will be reconciled with the Department of Treasury account current by the Fiscal Division (Accounting Branch).

716 - Life Insurance Deductions and Contributions (Control)

This credit balance (statistical) account represents the aggregate of the amounts of life insurance premiums deducted from the salaries of employees and the amounts of insurance premiums contributed by the Agency from its appropriation. At the end of each calendar quarter the aggregate of the amounts credited to this account shall agree with the sum of (1) the insurance premium deductions reflected on employees' earnings records and (2) Agency's contributions as reflected on the payroll documents, for the same period.

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